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**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

PROPOSED REVISION OF
MAXIMUM COLLECTION AMOUNTS
FOR SCHOOLS AND LIBRARIES
AND RURAL HEALTH CARE
PROVIDERS

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Public Notice
CC Docket No. 96-45
DA 98-872

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

COMMENTS OF DAKOTA TELECOMMUNICATIONS GROUP, INC.

May 21, 1998

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SUMMARY

Dakota Telecommunications Group, Inc. ("DTG") and its subsidiaries provide telecommunications, Internet, data networking, paging and cable TV services in the central plains region of the nation. Corporate headquarters are in Irene, South Dakota. The company is a leader in implementing advanced communications technologies in rural areas. Since passage of the Telecommunications Act of 1996, DTG has made major investments in telecommunications infrastructure for advanced communications technologies, including a distance learning network which will enable thirteen South Dakota schools and the University of South Dakota to share teaching resources through high quality interactive video classroom connections as well as data networking and Internet access connections. Trained DTG employees have assisted small, rural schools in their efforts to qualify for Universal Service Fund discounts.

The Federal Communications Commission ("Commission") has proposed to revise maximum collection amounts for schools and libraries and rural health care providers downward from the funding caps previously established by the Commission. DTG believes the proposed funding reduction is inconsistent with the Universal Service Principles of 47 USC Section 254, which instructs the Commission to establish "specific, predictable and sufficient Federal and State mechanisms to preserve and advance universal service." Insufficient and unpredictable support for schools and libraries will reduce the ability of service providers to make the investments necessary to provide advanced services to schools and libraries, particularly in rural areas of the nation.

The Commission has requested comment on ways to ensure that the most economically disadvantaged schools and libraries receive adequate support. DTG believes that application procedures which schools and libraries must follow to qualify for discounts potentially serve as a barrier to economically disadvantaged schools and libraries. Requirements for a program as far reaching as Universal Service Fund support for schools and libraries are necessarily somewhat complex and technical. Schools and libraries, especially small schools in rural areas, rarely have staff prepared to deal effectively with such a process. Procedures should not threaten disqualification of applications for failure to meet confusing requirements. DTG urges the Commission to implement procedures which facilitate successful completion of the application process by all qualified applicants for qualifying services.

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

**PROPOSED REVISION OF
MAXIMUM COLLECTION AMOUNTS)
FOR SCHOOLS AND LIBRARIES)
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PROVIDERS)**

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DA 98-872**

COMMENTS OF DAKOTA TELECOMMUNICATIONS GROUP, INC.

***I. ACCESS TO ADVANCED SERVICES FOR SCHOOLS AND LIBRARIES
REQUIRES A PREDICTABLE LEVEL OF SUPPORT***

Since the passage of the Telecommunications Act of 1996, Dakota Telecommunications Group, Inc. ("DTG") has invested heavily in infrastructure for advanced telecommunications technology to serve residents of rural areas. The centerpiece of that investment is the distance learning project in southeastern South Dakota which is now being installed. This project will connect interactive video classrooms at thirteen schools and the University of South Dakota.

More than two years ago, DTG made commitments to limit project costs for the schools that have joined to build the distance learning project. Without such commitments, the distance

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learning project could not even have begun. In making those commitments, DTG relied on Congress to keep its commitment to provide all school classrooms with affordable access to advanced technologies. In proposing to revise the 1998 collection amounts for schools and libraries and rural health care universal support mechanisms, the FCC is, in effect, proposing to back off from that Congressional mandate.

Access to advanced telecommunications technology is vital to the economic future for rural states such as those served by Dakota Telecommunications Group, Inc. Technology access for schools provides a cornerstone for the process of rural economic development through application of information technologies. Without a predictable funding process, neither schools nor telecommunications service providers will be able to make the commitments necessary for projects, like the DTG distance learning project, which have the potential to bring a brighter economic future to South Dakota's young people.

II. REVISION OF THE SUPPORT MECHANISM AFTER THE INITIAL FILING WINDOW FOR THE YEAR HAS CLOSED WOULD INCREASE FUNDING UNPREDICTABILITY

47 USC Section 254 mandates Universal Service support that is "predictable and sufficient." The FCC established funding caps by regulation nearly a year ago. By proposing to further limit E Rate funding beyond those funding caps, the FCC threatens to cripple this important program with unpredictability.

Service providers and schools who worked to bring advanced telecommunications

services to their students, as has been done in creating the DTG distance learning project, have relied upon the language of Federal statutes and the regulations established by the Commission in deciding what steps they could afford to take toward that end. The proposed revision of support collections after the initial round of applications is final imposes new risk and unpredictability on the process at a time when it should become more predictable if the goal of access to advanced telecommunications services for all schools is to be met.

III. PREDICTABLE AND FORGIVING APPLICATION PROCEDURES ARE NEEDED TO REDUCE BARRIERS FOR ECONOMICALLY DISADVANTAGED SCHOOLS AND LIBRARIES

The Commission has requested comment on ways to ensure that the most economically disadvantaged schools and libraries receive adequate support. DTG believes that application procedures which schools and libraries must follow to qualify for discounts potentially serve as a barrier to economically disadvantaged schools and libraries.

Requirements for a program as far reaching as Universal Service Fund support for schools and libraries are necessarily somewhat complex and technical. Schools and libraries, especially small schools in rural areas, rarely have staff prepared to deal effectively with such a process. Because Universal Fund discounts are so crucial to enabling schools to afford distance learning services, DTG has assisted schools in its distance learning project with the application process. Even with the ability to call on the services of legal and accounting professionals with specialized expertise in the Universal Service Fund application process, these small, rural schools

have found it difficult to be certain what was required to avoid having an application rejected by the Schools and Libraries Corporation.

The Schools and Libraries Corporation has faced a Herculean task in implementing the E Rate application process within a very limited time frame. In these challenging circumstances, confusion and occasional lapses by both the applicants and program administrators are understandable, and should be forgiven. Procedures which threaten disqualification of applications for minor errors or omissions, rather than providing a clear opportunity for correction, reduce the likelihood that economically disadvantaged schools and libraries will receive support and increase the unpredictability of the process for all participants. DTG urges the Commission to implement procedures which facilitate successful completion of the application process by all qualified applicants for qualifying services.

CONCLUSION

For the foregoing reasons, the Commission should not revise the 1998 collection amounts for schools and libraries and rural health care universal service support mechanisms, and should take steps to insure that the application process is predictable and facilitates compliance so that it does not inadvertently impose a barrier to less advantaged applicants.

Respectfully submitted,

**DAKOTA TELECOMMUNICATIONS
GROUP, INC.**

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May 21, 1998

Thomas W. Hertz
Chief Executive Officer

Dakota Telecommunications Group, Inc.
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CERTIFICATE OF SERVICE

I, Kathleen Armstrong Marnet, do hereby certify that true and correct copies of the foregoing, **"COMMENTS OF DAKOTA TELECOMMUNICATIONS GROUP, INC. "** were served by first-class U.S. Mail, Express Mail, postage prepaid, this 21th day of May, 1998, as follows:

One original and five copies were sent to:

Dakota Telecommunications Group, Inc.

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Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Three copies were sent to:

Sheryl Todd
Accounting Policy Division
Common Carrier Bureau
2100 M Street, N.W., 8th Floor
Washington, D.C. 20554

And that a true and correct electronic copy of the foregoing, "**COMMENTS OF DAKOTA TELECOMMUNICATIONS GROUP, INC.**" was filed via the Internet at the FCC web site on the same day.

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